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SUBJECT: FRANCE'S LEADING FARMERS UNION DISSATISFIED WITH  
HONG KONG RESULTS

REF:

1. Summary: Even though French President, Jacques Chirac publicly expressed his satisfaction with the commitments made during the Doha negotiations in Hong Kong, the leading French farm organization, Federation Nationale Des Syndicats D'Exploitants Agricoles (FNSEA), issued a press release on December 18, 2005, criticizing the course of the negotiations. However, most observers feel that France not only did well in Hong Kong by giving up little, but won politically as well, by having successfully enforced the Commission's negotiating mandate at Hong Kong. End Summary.

2. In a December 22 meeting with AgMin Counselor, FNSEA officials, including Mr. Jean-Michel Lemetayer, President, and Mr. Xavier Beulin, First Vice-President, expressed their concerns about the implications of the Doha negotiations to date. Further Hong Kong commitments to reduce financial support have only added to the pessimistic mood of the French agricultural community, which has endured a difficult year and faces continued CAP reforms beginning January 1st. FNSEA officials stated that the terms agreed to in Hong Kong were unbalanced for two reasons: first, agriculture, services and industrial goods sectors were not considered with equal weight and second, while the EU must eliminate export subsidies by 2013, other countries' export-oriented programs, such as food aid, are not subject to such specific commitments. Thus, they feel the EU did not receive just compensation in other sectors in exchange for its sacrifice on agricultural export subsidies.

3. They reiterated a strong position that countries be allowed to maintain trade barriers in the interest of domestic food security and national sovereignty. Within the context of the negotiations, the officials wondered whether the United States was conspiring with Brazil and other South American countries in order to isolate Europe from other trade alliances.

4. FNSEA, together with the French Young Farmers Union, the French Federation of Farm Cooperatives and Credit, and the French Chambers of Agriculture constitute the French Agriculture Council (CAF). CAF released the following press communiqué after the negotiators had agreed on a compromise at the Hong Kong WTO Ministerial:

QUOTE: Hong Kong Agreement: unsatisfactory step, and a future full of pitfalls.

The Ministerial conference in Hong Kong ends with an unbalanced declaration. Concerning export subsidies, only Europe is making commitments on a date to eliminate export restitutions while provisions on State Trading Enterprises, trade-oriented food aid, and export credits are less restrictive.

Given that the European Union largely contributed to development and made a substantial concession in export subsidies, we demand that the modalities for market access maintain European preferences.

To date, on domestic support, the European Union has not highlighted the reform of the Common

Agricultural Policy, while our negotiating partners have no obligation to review their domestic farm policy.

In addition, agriculture was the only sector covered deeply and in details, which does not correspond to claims of the Doha conference.

The Ministerial declaration adopted today in Hong Kong does not satisfy the French Agriculture Council, particularly because of its lack of balance, putting a significant part of the concessions on the European Union, with a direct impact on the CAP.

The French Agricultural Council demands that the European Union stay extremely firm on the conditionality of its offer and be vigilant on the strict balance of the concessions. END QUOTE.

15. COMMENT: The FNSEA's position needs to be viewed in the context of how other official observers see the Hong Kong outcome. The government, including Agriculture Minister Bussereau, defend the deal the European Commission negotiators signed on to, and characterize it as one that leaves the CAP pretty much intact. In the EU context, they win politically by having effectively enforced the EU's negotiating mandate. Other observers outside the government note that France couldn't have asked for a better outcome on agriculture, short of making no concessions at all. In any case, the FNSEA may prefer to remain on the offensive in order to minimize future EU concessions, particularly on the highly sensitive market access front.

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